



Office of the
Healthcare
Advocate
STATE OF CONNECTICUT

**Testimony of Victoria Veltri
State Healthcare Advocate
Before the General Law Committee
In Support of HB 5337
March 6, 2014**

Good afternoon, Representative Baram, Senator Doyle, Senator Witkos, Representative Carter, and members of the General Law Committee. For the record, I am Vicki Veltri, State Healthcare Advocate with the Office Healthcare Advocate (“OHA”). OHA is an independent state agency with a three-fold mission: assuring managed care consumers have access to medically necessary healthcare; educating consumers about their rights and responsibilities under health plans; and, informing you of problems consumers are facing in accessing care and proposing solutions to those problems.

HB 5337, An Act Concerning Fees Charged For Services Provided At Hospital-Based Facilities is a critically important consumer protection upon which currently there is little consensus or clarity.

Over the past several years, Connecticut’s healthcare market has experienced an increase in the number of hospital-based outpatient clinics (“HBOC”) or hospital-based facilities. Hospitals or systems that own these HBOCs may charge facility fees in addition to the physician’s professional charges. Facility fees are generally defined as those charges necessary to cover the non-professional costs related to the delivery of care including, but not limited to, building, electronic medical records systems, billing, and other administrative and operational expenses. It is important to note that not all patients receiving treatment in a HBOC will be subject to these charges - only those who undergo a procedure of some type in a HBOC are subjected to a facility fee charge.

Transparency about how these charges are calculated remains elusive. In situations where these two expenses are being billed and reimbursed separately, one would expect that the sum of these charges would approximate the original reimbursement for that specific procedure. Unfortunately, consumers are instead receiving facility charges from hospitals that mirror professional charges and do not appear to be related to the actual overhead necessary to provide the delivered service. This is especially burdensome for consumers because many commercial insurers do not cover facility fees, often leaving the consumer faced with a bill for thousands of dollars that they had no meaningful advance notice, much less an opportunity to identify

alternate, non-HBOC, treatment that would not impose such a great financial burden. One of OHAs clients had an echocardiogram last year. The professional fee for this test was \$210, and was covered under her commercial insurance. However, she was shocked to also receive an invoice from the hospital with a facility fee in the amount of \$5,133. The average cost for this procedure in that region of the state is approximately \$1,100, and yet this woman was charged more than \$5,300 for the same procedure, simply because she had the test in a HBOC. Ironically, her father had exactly the same test performed with identical CPT codes at a non-HBOC just months earlier, and had a liability under his insurance policy of only \$160 out of pocket.

HB 5337 begins to address these issues, enhancing consumer protection by requiring HBOCs to provide advance notice to consumers who are expected to receive treatment that may subject them to a facility fee. This notice must contain reasonable estimates of the expected charges as well as information directing consumers to verify healthcare coverage of said charges, if available. It additionally requires that HBOCs notify patients that they may receive the recommended treatment without the imposition of facility fees at a non-HBOC. For consumers who receive notice prior their appointment should also be informed of the specific CPT codes to be used, so they may get accurate information from their insurer concerning coverage.

That there is a marked lack of transparency concerning these charges is well known. I applaud the Connecticut Hospital Association's recent initiative independently recommending that its members enhance their consumer notice policies to include more detailed information concerning these charges. However, while this recommendation acknowledges and offers some suggestions to mitigate the issues inherent in this practice, it is purely voluntary. HB 5337 would provide consumers with consistency and certainty as they navigate Connecticut's healthcare market. Other states have already begun to recognize this problems with this practice as well, with Washington State passing legislation last year that required all hospitals with HBOCs to report the number of HBOCs, number of patients at each site charged facility fees, and the total revenue generated through these fees.

HB 5337 is a first step to providing consumers with meaningful and timely notice about potential costs and liability for their healthcare and allow them another resource to make meaningful choice about accessing care at HBOCs or other settings, and I encourage passage.

Thank you for providing me the opportunity to deliver OHA's testimony today. If you have any questions concerning my testimony, please feel free to contact me at victoria.veltri@ct.gov.